

1206784

MEMORANDUM OF UNDERSTANDING

SUBJECT: Experimental Pay System (Grade Banding) to be Administered
in the Office of Communications

1. This memorandum represents the agreement reached between the Director of Communications and the Director of Personnel on the conduct of an experimental pay program for the Telecommunications occupation within the Office of Communications. The experiment is scheduled to run for a period not to exceed five years, with a decision to be made by the DCI during this period on the utility of this program as a permanent alternative to the General Schedule pay system. During the experimental period, the Director of Communications will be charged with the administration of the pay program within the guidelines agreed to in this memorandum and within the budgetary constraints established by Agency management. The Director of Personnel will be responsible for broad personnel policy governing the conduct of the experiment, for evaluation of the effectiveness of the program in meeting Agency needs, and for recommending expansion or termination of the program to the DCI based on the results of the program evaluation.

2. The following paragraphs represent the policy guidelines agreed upon for conversion to and administration of the experimental pay program. Changes to these guidelines may be made by approval of the Director of Personnel with concurrence of the Director of Communications:

a. Convert all Telecommunications Series employees from GS to the appropriate level and increment of the new pay schedule (see Attachment A) on 14 October 1984, the first full pay period in fiscal 1985 or at an appropriate time thereafter. All TCO employees, including those assigned to other Agency components, will be converted to the experimental pay system.

b. All Within-Grade Increases (WGI) that were to be effective on or before 30 September 1985 will be made effective for eligible employees at the time of conversion on a pro rata basis. To prorate the increase due, time completed in a waiting period will be divided by the waiting period for the step. The resulting fraction will be multiplied by the step increment for the grade to determine the net salary adjustment due.

c. Conversion will be accomplished through the following process:

(1) Each individual's current salary will be determined using the current GS grade and step.

(2) The salary level will be increased by the prorated share of the within grade due under paragraph 2.b.

(3) Employees will be assigned to the band and increment levels closest to, but not less than the salary determined in 2.c.(2).

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

SUBJECT: Experimental Pay System (Grade Banding) to be Administered in the Office of Communications

(4) Employees whose current salary falls into more than one band level will be converted to the appropriate band level and increment based on established conversion criteria. Criteria to be used will be jointly approved by the Director of Communications and the Director of Personnel.

d. The current Uniform Promotion System is to continue through February 1985, and employees promoted can be given pay comparable to that which would have been received under the General Schedule. Should the next higher GS grade be within the currently assigned level, the employee may receive up to a four-increment increase within that level. Employees who receive four-increment increases in February may not receive more than two additional increments as a result of the FY85 evaluation cycle to avoid windfall pay increases.

e. All recommendations for Quality Step Increases (QSI) must be submitted prior to implementation date. Implementation of any QSI's should be completed on or before the date of implementation of this experimental pay program.

f. Employees and managers in all components will be provided new personnel evaluation criteria for use under the experimental system. Teams comprised of representatives from the Office of Personnel (OP) and the Office of Communications (OC) will be appointed to educate managers and employees on the banding experiment and the new evaluation procedures to be used. For this experiment, the term "component" is defined as the organization elements under current policy that have been delegated personnel evaluation responsibility.

g. Components will submit completed Performance Assessment Forms (Attachment B) to Headquarters in accordance with the newly established PAR and evaluation schedule (Attachment F). PAR narratives should address the factors listed on the Performance Assessment Form and the Headquarters Review Board Worksheet (Attachment C). Initially, increment increases and promotions between levels will be recommended by component managers and reviewed by Headquarters Review Boards. All recommendations are subject to the approval of the Director of Communications.

h. Headquarters appointed boards, using Performance Assessment Forms submitted by the component, promotion criteria (Attachment D) and Headquarters Review Board Worksheets, will provide the Director of Communications rank-order lists, by level, of employees recommended for promotion and/or incremental increases. Employees do not have to be assigned a Category I descriptor to be considered for a maximum incremental increase or promotion. All promotion and merit pay increases will be effected once a year for employees in the experimental pay system. Increment increases and promotions will be determined as near as possible to the end of the fiscal year.

ADMINISTRATIVE - INTERNAL USE ONLY

SUBJECT: Experimental Pay System (Grade Banding) to be Administered in the Office of Communications

i. Annual evaluations under the experiment will be completed prior to August each year. Trainees in Level I may be awarded increment increases out of cycle using criteria established for that level.

j. Employees being converted to the General Schedule from the banded schedules will not be penalized in salary. Conversions to the General Schedule will be accomplished as follows:

(1) Grade levels for conversion will be established according to the following schedule:

- (a) TCO/TCX 1 - increments 1 through 11 to GS-06
- (b) TCO/TCX 1 - increments 12 through 22 to GS-07
- (c) TCO/TCX 1 - increments 23 through 32 to GS-08
- (d) TCO/TCX 2 - increments 1 through 10 to GS-09
- (e) TCO/TCX 2 - increments 11 through 22 to GS-10
- (f) TCO/TCX 2 - increments 23 through 31 to GS-11
- (g) TCO/TCX 3 - increments 1 through 15 to GS-11
- (h) TCO/TCX 3 - increments 16 through 30 to GS-12
- (i) TCM/TCY 3 - increments 1 through 15 to GS-12
- (j) TCM/TCY 3 - increments 16 through 30 to GS-13
- (k) TCM/TCY 4 - increments 1 through 15 to GS-14
- (l) TCM/TCY 4 - increments 16 through 29 to GS-15

(2) Within the grade established above, the GS step will be that which is nearest to, but not less than the salary of the employee at the time of conversion.

(3) The new LEI date for the employee will be established at the last time the equivalent of a step increase was received by the employee under the banded system, or pay system preceding banding if no equivalent increase was received while in the banded pay system.

k. Employees who have already achieved minimum Full Performance certification and who are converted to this pay schedule will not be required to meet the new certification criteria.

l. A Performance Assessment Form for employees transferring from one OC component to another within an evaluation cycle will be completed and forwarded to the gaining component. The gaining component will perform the annual evaluation of the employee in accordance with the evaluation schedule, giving full consideration to the reassignment evaluation(s) provided by other components during the evaluation year.

SUBJECT: Experimental Pay System (Grade Banding) to be Administered in the Office of Communications

m. The Performance Assessment Form should be considered a counseling tool and must be discussed with the employee upon request.

n. Recommendations for incremental increases will be stated in the following terms: maximum (normally four), median (normally three), minimal (normally one or two), and none. Limitations on the number of increments for the above categories will be determined from money available and numbers of employees recommended for each category. Exceptions to the upper limits stated for the categories established above must be approved by the Director of Personnel.

o. PAR ratings should be objective evaluations of employees performance, and senior managers shall make every effort to ensure that PAR ratings do not escalate. Similarly, managers shall make every effort to see that incremental increases are performance based and that recommendations for them are handled in as equitable a manner as possible. The Director of Communications will evaluate component chiefs on the effectiveness of the administration of their performance evaluation program.

p. For promotion between levels, Performance Assessment Form ratings from components will constitute approximately 80% of the overall rating and the remaining 20% will be based on evaluations by Headquarters Review Boards, using Headquarters Review Worksheets prepared by the Headquarters Review Board. Employees recommended for promotion to the next higher level must have satisfied the prerequisite criteria for entrance into that level. Employees selected for promotion will receive the equivalent of four increments in the level from which promoted, or will be placed in the first increment of the level to which promoted, whichever is greater. The promotion increment increase includes increment increases recommended by the components. Placement in the level to which promoted is in the increment closest to, but not less than, the employee's salary at the current level plus four increments.

q. Component evaluation should be performed by a panel of senior employees - preferably from Band Level IV. For the first cycle, all Headquarters Review Boards should be chaired by the same officer.

r. Employees, except those whose performances are marginal or unsatisfactory (normally Category IV) (Attachment E), may receive a minimum of one increment increase annually up to the midpoint of a level salary range. Federal comparability pay adjustments are not guaranteed and, also, may be withheld if the employee's performance is marginal. Comparability will be withheld if an employee's performance is unsatisfactory. Employees performing at less than a fully satisfactory level normally will not progress beyond the mid-level of a pay range.

SUBJECT: Experimental Pay System (Grade Banding) to be Administered by the Office of Communications

s. A bonus award program shall be established for use in conjunction with the experimental pay system and is a portion of the monies budgeted for annual pay increases. The bonus program may be used, but not limited, to award employees who have reached maximum salary in a pay level and are not selected for promotion or whose performance merits special recognition but not in the form of continual pay reward or cash award under the Agency incentive awards program.

Bonuses will be paid in equivalent incremental values on a one-time basis. More than one incremental amount can be awarded. Recommendations for bonuses will be made by component chiefs, reviewed at Headquarters, and approved by the Director of Communications in conjunction with other annually scheduled pay adjustments.

Cash awards for special accomplishments, or performance on special assignments that deserve exceptional recognition shall be paid under the Agency Awards Program.

t. An appeals procedure to address employee complaints concerning pay increases and promotions, that cannot be resolved at the first or second level of supervision, will be maintained. This is essential during the first few years of the experiment as OC learns the administrative procedures of this program. Employees unable to resolve concerns within OC regarding their performance awards may appeal to the DDA. The decision of the DDA will be final.

u. Exceptions to policies established under this experimental pay program shall be approved by the Director of Personnel.

v. The five salary ranges used in this experiment will be identified by the following titles:

Trainee	TCO/TCX Level I
Operations	TCO/TCX Level II
Specialist	TCO/TCX Level III
Staff	TCM/TCX Level III
Senior Officer	TCM/TCX Level IV

w. A committee will be convened, that will include officers from the task force, to determine the classification criteria that will be used to convert positions from the GS pay schedule to the experimental pay system. Benchmark positions with broad generic descriptors similar to the San Diego experiment will be developed by OC and OP officers and approved by the Director of Personnel.

ADMINISTRATIVE - INTERNAL USE ONLY

SUBJECT: Experimental Pay System (Grade Banding) to be Administered by the Office of Communications

x. A committee(s) (made up of representatives from OP and OC) will be appointed to coordinate and oversee implementation of the experiment. These responsibilities will include:

- Developing an employee briefing package
- Developing an instructional guide for administration of the evaluation materials used in this experiment.

y. Senior managers will be briefed on implementation of the experiment, followed by briefings for all employees domestic and abroad.

z. Category Descriptors (Attachment D) have been redefined for TCO Series employees and new promotion criteria will be used for the experiment.

zz. The Office of Personnel will be responsible for evaluation of the experimental pay program. OC will work with OP to identify data necessary and reports required to evaluate as a minimum the following:

(1) Costs of the banding approach as compared to the General Schedule; *first time OP has done.*

(2) Effect on employee attitudes toward OC and the Agency as an employer;

(3) Performance distributions/payout distributions and changes over time;

(4) Changes in retention and recruitment success within the occupation; *more new programs Longhorn Point*

(5) Band/increment of the occupation as a function of time;

(6) Speed of position classification service in comparison to past experiences; *yes*

(7) Change in position level distribution as a function of time; *done*

(8) Frequency of employee appeals of annual salary determinations, and changes in frequency as a function of time.

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Director of Communications

Oct 19, 84
Date

Director of Personnel

OCT 12 1984
Date

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